

Kentucky's leaders express their opinions

ONE-ON-ONE RETROSPECTIVE

Highlights from 2007 interviews conducted by Ed Lane, publisher of The Lane Report

BY ED LANE

Editor's Note: The full interviews are available online at www.lanereport.com/departments/one-on-one.

February 2007: Mitch Barnhart 'We Didn't Come Here to Lose'



Mitch Barnhart has been the athletics director at the University of Kentucky since July 2002.

Ed Lane: Your fifth anniversary as athletics director will occur this summer. How is UK's athletics program progressing?

Mitch Barnhart: When I was hired, the call came from UK President Lee Todd to change the way UK looked in three main areas.

One, the "business" of college athletics at UK had to be more integrated to the university. That has been an absolute goal. Not only from a business and accounting perspective, but also in the way UK works with the board of trustees and the athletics board to more fully integrate the athletics department into the university.

Second, UK must have a broad-based program that would compete across the board in the SEC – the most difficult league in all college sports. UK has always been great in basketball but struggled to maintain excellence in other sports. In the last two and a half years, UK has won conference championships in six different sports. During the 2005-2006 school year, UK jumped to 33rd out of 273 Division I programs in the entire country in the national all-sports standings.

Third, UK is expected to conform to the rules of NCAA and Southeastern Conference. We think we have accomplished that.

Ed Lane: On Head Coach Rich Brooks of UK football

Mitch Brooks: It has been an incredible journey. It has been a very difficult run. As athletic director, I inherited a program

that was given one of the top five most difficult probations in the history of the NCAA. I knew that it was going to be a difficult job for whoever had it. Coach Brooks took that job on when nobody wanted it; he is just stubborn and ornery enough to make that work. He's unrelenting. He's a tenacious recruiter. He has built a foundation, not the quick fix.

So many people look for instant gratification in today's world. Rich Brooks is not one of those guys; he's going to build it for the long haul. He has the welfare and the care of the players at heart. It's a tough love, but it culminated in 55,000 people being in Nashville for what was a fabulous afternoon of college bowl football for the Big Blue.

I was excited for our fans! I was very happy that they finally got to experience what it felt like to walk off the field a winner at the end of the football season in a bowl game.

Ed Lane: How do you deal with "rabid" UK fans and their expectations – for the athletics department and personally?

Mitch Barnhart: I don't think anybody can put an expectation on you that you don't want yourself. Coaches, athletes and ADs all got in this business of sports because we like to compete.

In today's world, everybody wants to win – really fast. It doesn't work that way, especially in the world of college athletics. This isn't the NFL or the NBA, where you can hire a free agent to change your team instantly; you can't trade someone. These are kids you bring into your program who are basically going to be here for four years, and if you miss on an evaluation or the talent of an athlete, then you've missed.

March 2007: Gene Strong 'The Cabinet Can Only Attract the Jobs That the Market Will Bear'

Ed Lane: Are you planning to stay permanently retired or are you going to do some other work or consulting?

Gene Strong: I didn't retire to go to work. I don't want to do anything that requires me

to work seven days a week or be on call all the time as I have been for the last 13 to 14 years. I do intend to do some consulting with a few groups, two to three days a week, on a project-to-project basis.



Marvin E. "Gene" Strong, Jr. recently retired from the Kentucky Cabinet for Economic Development after serving as its secretary for 14 years.

Ed Lane: Has it been a major benefit for the state to have a long-term employment contract with the cabinet's secretary?

Gene Strong: Looking back in 1992, when Gov. Brereton Jones decided to push for this legislation and it was supported by the General Assembly, I too had skepticisms and wondered if this

would work. I was wrong, because it has worked. I hope that the General Assembly and governors will continue the process in the future. A lot of what happens in real estate and economic development is based on relationships. We've proven over the past 14 years that continuity can be accomplished under this structure, and it is a valuable structure to maintain.

Ed Lane: How important are the roles of UK and U of L as research universities to economic development efforts?

Gene Strong: The University of Louisville and University of Kentucky are clearly the golden geese here. Our research institutions are critical if Kentucky is going to be competitive and continue to move into the technology-based arena. Having said that, education as a whole is critical.

Ed Lane: Where do cities fall short in their efforts to attract new and expanding businesses?

Gene Strong: In communities where you have weak local leadership – that's a negative. Low educational attainment and low focus on education is going to be very detrimental to a community's chances to attract high-wage opportunities. If you look at the top three reasons that site-selection consultants locate businesses, it's always going to be education, transportation systems, and workforce development programs. Incentives are important, but they are down there about eighth. If you don't have these other things in front of them, then all the incentives in the world won't help you compete.

Ed Lane: What percentage of new economic development is from new businesses versus expanding businesses?

Gene Strong: It varies from year to year, but typically I would say that 70 to 80 percent of new jobs are created by expanding businesses.

The recruitment side of economic development is absolutely critical. In the natural business evolution, somebody's market is changing. You must actively recruit opportunities to replace some of the companies that are going to go away during economic expansion and contraction.

April 2007: Gov. Brereton Jones
'I Have Faith in the
Judgment of the People'



Brereton Jones was elected as Kentucky's 54th governor in 1991 with nearly 65 percent of the vote.

Ed Lane: Since your four-year term as Kentucky governor ended in 1995, in what areas of business have you focused?

Brereton Jones: I'm primarily a farmer. Airdrie Stud is a little over 2,500 acres and we focus primarily on Thoroughbred horses and to some degree cattle.

I am also one of the founders of American Founders Bank and serve on the bank's board of directors.

Ed Lane: How about health care?

Brereton Jones: My position from the very beginning was the state should have universal health coverage. When you talk about universal coverage, it scares a lot of conservative people who feel like that's going to mean some kind of government-run health care. The biggest business in the state is health care, when you add all the dollars together. There was nobody really running that business. Government does not have a very good track record of running any kind of business in a business-like way.

I am basically very conservative. People say if you are really basically conservative, why do you want the government so involved in health care?

I certainly don't want to have government-run health care. My administration's plan for universal coverage never had a chance to work. I'm not positive that it would have worked; I think it would have.

Ed Lane: Under your watch, Gene Strong was selected as the secretary for the Cabinet for Economic Development. He recently retired. What could you say about Gene Strong's performance and the overall concept of having continuity in economic development?

Brereton Jones: The continuity was fabulous. Knowing the rain-makers around the country and knowing details about people

in foreign countries are extremely helpful in job creation. Gene was one of those individuals that kept growing and growing in office. I'm one of Gene's big fans.

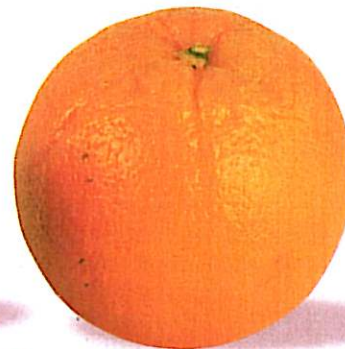
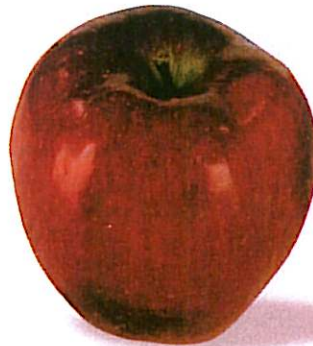
Ed Lane: Do you think supporting gaming would be good political strategy for the 2007 primary race?

Brereton Jones: Gaming is an issue that needs to be discussed, and KEEP com-

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municated this issue all across the state and also did some extensive polling. Our polling showed that 92 percent of the people wanted the right for their voice to be heard on the issue. Some of those wanted the right to vote against it, but they wanted their voice to be heard.

I can safely say most people do not want to see Kentucky turned into another Las Vegas-type environment. Personally, not speaking for KEEP or anybody else, I am strongly for gaming if we limit the locations and if we are specific about where the money must go. If we don't do that I'm against gaming because I think you run the risk of having too much gambling in the state.

Ed Lane: Is the two-party system good for Kentucky?

Brereton Jones: Anyone who thinks that all the best people and all the best ideas are in one party is mistaken. The two-party system is critical to Kentucky's future.

May 2007: Michael McCall
'We Are Now Positioned to Make a Quantum Leap'



As president of the Kentucky Community and Technical College System, Dr. Michael B. McCall oversees a system of two-year colleges located on 65 campuses across the commonwealth.

Ed Lane: What is the vision for the Kentucky Community and Technical College System (KCTCS)?

Michael McCall: Our vision has always been for KCTCS to be the nation's best community and technical college. We want to continue to improve the quality of life and the employability of the citizens of the commonwealth.

KCTCS's role is to educate and train the present and future workers of Kentucky.

Ed Lane: In 1998, KCTCS's total student enrollment was 46,000 students; in 2002, the enrollment was 63,000. What is KCTCS's enrollment for the 2006-2007 school year?

Michael McCall: The '06-'07 enrollment is almost 87,000 in-credit students.

Ed Lane: How many additional students are in non-credit enrollments during this school year?

Michael McCall: We'll have another

150,000 students enrolled in different types of non-credit courses throughout the year. KCTCS, obviously, has a major impact educating the citizens of Kentucky.

Ed Lane: What are non-credit classes?

Michael McCall: They can be very short training sessions for a business or industry, or continuing education courses. For example, KCTCS does software training for companies like Cisco and Nortel.

Ed Lane: What are the factors changing Kentucky's economy?

Michael McCall: Kentucky is a part of the global economy; therefore, our training and education effort needs to educate our citizens so they can compete for good jobs on a worldwide basis.

The U.S. economy was very cyclical 20 to 30 years ago. You could predict when economic change would come. Today, the global economy is constantly changing. Today's workers will change careers about 10-12 times during their life. So we need to adjust our workforce training to meet the future needs of employers and employees.

June 2007: Patrick Madden
'The Quality of Our Development Is Really Important to Me'



Patrick W. Madden is a practicing attorney whose primary focus is real estate development. He is personally overseeing the development of Hamburg Place, a 1,100-acre mixed-use development in Lexington.

Ed Lane: As the Madden family's attorney, are you the lead person for managing development of Hamburg Farm and dealing with developers and end-users?

Patrick Madden: I deal with every aspect of development: negotiating with tenants, getting building permits, zoning, property management and construction.

Ed Lane: The cover story in the October 1996 issue of *The Lane Report* reported on the Madden family breaking ground at Hamburg. When you think back about the last 11 years, what kinds of thoughts go through your mind?
Patrick Madden: Most people can't believe how fast development in Hamburg went. In my mind, it took longer than I thought it would. Basically, I'm pleased with the process and what has happened. Our family is proud of the development. I think the community is

happy with the development, and I work every day trying to make it better.

Ed Lane: What has been the biggest surprise or unanticipated event during the last 10 years of the development?

Patrick Madden: I can remember when we started back in 1996. You and I talked about the lack of an office market. In the last four years, the office market has surged and I'm real happy about the way offices have developed at Hamburg.

July 2007: George Ward
'The Annual Impact of Tourism on Kentucky's Economy is \$10.1 Billion'



George Ward is secretary of the Kentucky Commerce Cabinet, the agency charged with promoting tourism, enhancing culture and arts, and providing recreational opportunities.

Ed Lane: The Cabinet is involved in recruiting and promoting major international and national events. What are some of the major benefits of recruiting international events to our state?

George Ward: The first thing is the economic impact. The Ryder Cup was in Detroit a few years ago; the economic impact was

\$115 million for a five-day event. There is a state tax on sales and that's an immediate benefit.

The World Equestrian Games - we're estimating a \$150 million economic impact. When I was in Germany, they estimated a lot more than that, so we are expecting a big impact there.

The next benefit is worldwide exposure. Kentucky is going to be mentioned internationally over the next four years. The Ryder Cup has something like 26 hours of live television on NBC carried all over our country and internationally. The World Equestrian Game's worldwide television audience is immense. That kind of exposure in over 100 countries for 16 days is priceless.

Ed Lane: What happens after the event?

George Ward: Obviously, we'll have some new facilities and there will be the ability for the Horse Park to host indoor and outdoor events. So we're hoping that economic impact of \$150 million will carry through each year following that and that will be a big boost to Lexington, Central Kentucky and the state's economy.

Ed Lane: What about the arena in downtown Louisville?

George Ward: The arena is a key part of downtown Louisville's future. The conventions most people prefer are the ones where you park when you get there and walk.

Louisville is really evolving into that type of city. Louisville is a great destination city for conventions and people are starting to realize that.

**August 2007: Steve Beshear
'Gaming Will Benefit the State
from an Economic Standpoint'**



At the time of the interview, Steve Beshear was the Democratic nominee for Kentucky's 2007 gubernatorial election. Beshear was elected Kentucky governor on Nov. 6, 2007.

Ed Lane: Congratulations on your recent win in the Democratic primary. What were one or two significant events that you felt helped your campaign win?

Steve Beshear: Our agenda for the future of Kentucky appealed to a lot of people around the state. We talked about a number of priorities for the state –

providing world-class education for our children; lowering health care costs and making health care more accessible to Kentuckians; and refocusing our economic development efforts more on our own people.

From a political standpoint, one of the significant events was when Jonathan Miller and Irv Maze withdrew from the race and endorsed the Beshear/Mongiardo ticket.

Ed Lane: In addition to their endorsement, former Gov. Brereton Jones and KEEP also endorsed you.

Steve Beshear: Gov. Jones' endorsement was a significant factor in that it gave the ticket additional statewide credibility, and certainly that was an important moment early in the race.

Ed Lane: What do you anticipate will be the top three issues in the governor's race?

Steve Beshear: The top issue is one of leadership. We have had a leadership vacuum for the past four years in Frankfort. We've had a government of scandal, indictments and pardons, a government that has seemed to place itself above the law.

Ed Lane: Another issue that may be moving to the forefront in the campaign is gambling.

Steve Beshear: The gaming issue is one that should be put on the ballot so that the people can decide on it. I trust the people to decide on it. Until recently so did Gov. Fletcher, but he has changed his mind and decided that people should not get that choice.

Any gaming proposal that I would put forth would require that it would be strictly controlled and strictly limited in terms of the locations. The locations would be a combination of racetracks and two to four free-standing facilities along the borders of our state and located where they can compete best with surrounding states.

Ed Lane: Who will operate the casinos?

Steve Beshear: It would be a licensed approach where the state would create so many licenses and then, for instance, some of the racetracks would be able to have a license and there would be competition for licenses for any free-standing locations.

Ed Lane: Over the long term, health care and pension benefits for state employees are estimated to be underfunded by about \$25 billion. Do you have a plan to improve the financial viability of the state's pension funds and health care plans?

Steve Beshear: We have a tremendous problem with the Kentucky Retirement System and the Teachers Retirement System. This crisis has been created over the years by state government not properly funding its part of the pension system and instead taking that money and doing other things with it. My commitment is to find a way to make those systems sound again.

Ed Lane: One of your campaign platform positions is to expand health care insurance coverage for all persons uninsured in the state.

Steve Beshear: In the area of health care, providing medical coverage for every Kentuckian is certainly a goal that I would like to reach by the time I go out of office. That is a large and difficult goal to accomplish and I understand that.

At the same time, there are things that we can do right away that will provide additional coverage. We've got about 550,000 Kentuckians without any kind of health care coverage; 81,000 of those are children. We can expand our Medicaid and KCHIP coverage to make sure all 81,000 of those children are covered, and I will propose and implement a program to do just that.

Ed Lane: You have said that ethanol, biomass and even the coal-to-liquid or -gas fuels are programs that you could put in the rural areas of Kentucky where coal mines and agribusinesses are located.

Steve Beshear: The whole energy sector is going to be a top priority in my administration. Kentucky has tremendous potential to help this country become more energy-independent than it is; we have the east and west Kentucky coal fields. The coal business is an economic engine that helps drive this state.

The other part is pushing ethanol, biomass and alternative fuels. With all of our rich farmland, this state is a very fertile area for those kinds of industries to locate.

**September 2007: Gov. Ernie Fletcher
'I Don't Want Kentucky
to be a Las Vegas'**



Gov. Ernie Fletcher was elected to his position in 2003, becoming the commonwealth's first Republican governor in 32 years.

Ed Lane: What do you expect will be the top three issues in the governor's race?

Gov. Fletcher: The No. 1 issue is going to be a referendum on casino gambling. All other issues probably tie to gambling. Steve Beshear's entire campaign is based on his promise to increase tax revenues by bringing

casinos all across the state. Our administration has been able to fund education by using good management practices and growing the economy. Beshear wants to fund education with casino gambling. Look at health care: Beshear wants to fund it with casino gambling. The major issues have always been education, health care and jobs. Steve Beshear is tying all that to getting more tax money from casino gambling. I think casino gambling is going to be the single issue this election. Beshear stated that at Fancy Farm: "Gambling is the issue."

Ed Lane: Why should the voters of Kentucky re-elect you for another term?

Gov. Fletcher: My administration has changed the culture in Frankfort. Our accomplishments are unquestionable. More people are working in Kentucky. The state has had surpluses for four years. More high-tech jobs are coming. More dollars have been invested in education.

The state has received national awards for education, for increased broadband coverage, for our effort against homelessness, for recovery centers, for the work we've done on our drug problem.

The state has received national accolades on its Medicaid program and e-health. Kentucky is ranked fourth in the nation in e-government, and No. 1 in efficiency in transportation. My administration has recruited major sporting events and that has allowed us to market Kentucky and increase tourism by 24 percent.

When people look the Fletcher administration – which has worked very hard within a very partisan environment – 90-95 percent of what I asked for has been supported in a very strong bipartisan way. That is true leadership and my administration has done it while under a lot of unfounded attacks. When people step back and carefully evaluate, I think they'll say this administration has done a good job.

October 2007: Tom Layzell
'Kentucky Educational Reform Is Not a Strategic Plan; It's the Law'



Tom Layzell retired as president of the Kentucky Council on Postsecondary Education in September 2007.

Ed Lane: From a strictly economic development perspective, why is increasing postsecondary and adult education important for Kentucky's future?

Thomas Layzell: Nothing is more important to Kentucky than increasing educational attainment. I don't care what major social

problem you evaluate, you will find the root of the problem is educational. Higher levels of education are very directly related to improved economic development.

Today and tomorrow, the creation of jobs will rely on a better educated workforce.

Ed Lane: What is the six-year graduation rate in Kentucky's public universities and how does our state rank nationally?

Thomas Layzell: In terms of Kentucky's rate of progress, it's been very good. The state's six-year college graduation rate has gone up about a point a year from the beginning of reform – from about 37 percent to 47 percent rate. Kentucky is still

below the national average, which is in the 50-55 percent range.

Ed Lane: What long-range plan does CPE have?

Thomas Layzell: CPE's "double the numbers initiative" is working on increasing graduate rates and the percentage of college graduates in Kentucky. The program depends on four things happening:

- More students staying in high school, graduating, and coming prepared to postsecondary institutions.
- Increasing the number of adults who have a GED and migrate into post-secondary education.
- Tripling the number of transfers out of KCTCS (to four-year institutions).
- Raising the graduation rates to around 56 percent, essentially another 10 points from where Kentucky is now.

Ed Lane: Has "Bucks for Brains" been a successful program for higher education?

Thomas Layzell: Bucks for Brains is essentially a matching program to create endowments.

Over the years, the program has generated \$700 million, about \$350 million in state funds, which has generated \$350 million in matching gifts. In the 2008-2010 biennial budget we are asking for another round of funding for the "Bucks for Brains" program.

Ed Lane: Do you favor authorizing state universities to bond new construction without the approval by the Kentucky General Assembly?

Thomas Layzell: Yes, I do. The two states where I was previously employed (Illinois and Mississippi) granted institutions revenue bond authority, which meant bonding didn't have to go through the General Assembly. The colleges and universities were governed by the disciplines of the financial market. The market is not going to let a bond issue proceed unless adequate revenue is available to support it.

November 2007: Dr. Pearse Lyons
'Alltech's Plan is Simply to Reach \$1 Billion in Sales by 2010'

Ed Lane: Recently you proposed creating a biorefinery in rural Kentucky that would convert cellulose into ethanol.

Pearse Lyons: Yes. I don't just see one, but perhaps six or seven biorefineries. Large ethanol plants would gobble a lot of cellulose and corn. The plants have to be sustainable, and the sources of low-density cellulose material and agricultural prod-



Dr. Pearse Lyons is founder and president of Alltech, a global animal-health company that employs more than 1,800 people in 85 countries. Alltech is the major sponsor of the 2010 FEI World Equestrian Games.

ucts should not be too far away. The concept is to have a small unit that takes about 100,000 tons of grain. About four million tons are grown in the state.

To the grain, we would add a certain percentage of cellulose – as much as we know how to efficiently break down.

The byproducts (fermented grains and cellulose, carbon dioxide) would provide nutrition

for growing cows, poultry, free-range steers, aquaculture and algae hydroponics. Algae grown at the biorefinery could produce up to 5,000 gallons of biofuel per acre each year; photosynthesis would utilize excess carbon dioxide.

Ed Lane: What is the government's target for ethanol production?

Pearse Lyons: The U.S. government has set the target at 35 billion gallons of ethanol by 2017. The 35 billion gallon goal is sustainable only using cellulose – which is wood waste products or anything your digestive system can't break down – to create 21 billion of the 35 billion gallon ethanol target. Alltech believes it can approach the government's target. Alltech has the technology, and it can apply that technology in conjunction with other technology it has created.

Ed Lane: Why is cellulose important?

Pearse Lyons: In the 1980s, corn was \$2 a bushel. Now it's \$4-\$5 a bushel. The price has increased because of the higher demand for corn to produce ethanol. We have to identify organic materials other than corn from which to create ethanol. Cellulose (wood chips, leaves, corn husks, stalks, etc.) is one of those things. If we could convert all the waste cellulose to ethanol, the United States would probably be able to replace 60 percent of the oil it imports. ■



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